



October 9, 2013

Item No. 12

**AUTHORIZATION TO EXERCISE A ONE YEAR OPTION TO EXTEND CONTRACT NUMBER  
11007 WITH ERNST & YOUNG, LLP FOR INDEPENDENT AUDITING SERVICES**

**To the Honorable Board of Commissioners:**

**RECOMMENDATION**

It is recommended that the Board of Commissioners authorizes the Chief Executive Officer or his designee to execute an amendment extending Contract No 11007 with Ernst & Young, LLP for the second option year, effective from November 11, 2013 to November 10, 2014, to provide independent professional auditing services for firm fixed fee of \$779,300. The contract's new total compensation will be in the amount of \$2,962,600.00.

The Executive Vice President (EVP), the Office of the General Counsel and Office of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

**CORPORATE MISSION**

The CHA is required to undergo an annual audit in conformity with Government Auditing Standards issued by the Comptroller General of the United States and provisions provided in the Office of Management and Budget Circular A-133. The audit is used to determine whether the CHA's financial data can be relied upon and the requirement promotes sound financial management, including effective internal control, with respect to federal awards administered by the United States Department of Housing & Urban Development, state and local governments and not-profit-organizations.

**FUNDING:** General Funds

**SOLICITATION SUMMARY :**

**Vendor:** Ernst & Young LLP  
Brian Offenloch, Partner  
155 North Wacker Drive  
Chicago, Illinois 60606

<b>Contract Type:</b>	Professional Auditing Services
<b>Original Contract Amount:</b>	<b>\$1,420,000.00</b>
<b>Contract Amendment No 1:</b>	<b>\$749,300.00</b>
<b>Amount of Contract Amendment No.2</b>	<b>\$14,000.00</b>
<b>Amount of Contract Amendment No. 3</b>	<b>\$779,300.00</b>
<b>New Contract Amount:</b>	<b>\$2,962,600.00</b>
<b>Contract Term:</b>	November 10, 2010 – November 10, 2013
<b>Extended Contract Term</b>	November 11, 2013 – November 10, 2014

**M/W/DBE Participation**MBE 20% WBE \_\_\_\_\_

MBE \_\_\_\_\_ WBE \_\_\_\_\_ Waiver \_\_\_\_\_ No \_\_\_\_\_

**Section 3: ( 1 ) Hiring ( \_\_\_\_\_ ) Subcontracting**( X ) Other Economic Opportunities:

E & Y is maintaining their 1 Section 3 Hire for this Option Year (\$779,300- Option Year 2) and providing Other Economic Opportunities in the form of a large internship, mentoring, and a tutoring program for Chicago Public School Students and the City of Chicago.

**GENERAL BACKGROUND /EXPLANATION**

The existing Ernst and Young contract is for independent audit of the CHA's general purpose financial statements, including the Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets, as well as CHA federal program revenues and expenditures in accordance to OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations.

On November 15, 2010, the Authority entered into an agreement (Contract #11007) with Ernst & Young, LLP (E&Y) for professional independent auditing services. The contract with an initial term of two years, November 10, 2010 through November 10, 2012, and with three one year options was approved by the Board of Commissioners (Resolution No.2010-CHA-104) on September 15, 2010. The Authority previously extended the term of the agreement through November 10, 2013 after Board of Commissioners' approval (Resolution No.2012-CHA-85) on October 16, 2012. Additionally, the CHA amended the contract in February 2013, adding \$14,000, to accommodate A-133 Audit HUD reporting requirements for ARRA grant expenditures.

E&Y has a proven track record of completing assignments in a timely manner while providing the necessary resources to meet critical CHA reporting requirements. E&Y has provided CHA guidance with implementing new Governmental Accounting Standard Board pronouncements and HUD reporting regulations. E&Y's continued participation in the evolving Real Estate Assessment Center and Move To Work (MTW) reporting requirements is crucial for the Authority to meet its reporting requirement to HUD.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The EVP of Finance concurs with the recommendation to exercise the second option of the contract to extend the agreement with Ernst and Young, LLP for an additional term of one year to provide independent professional auditing services.

The CEO/President recommends that it is in the best interest of the Authority to exercise the second one-year option with Ernst & Young, LLP to provide independent professional auditing services for the period of November 11, 2013 until November 10, 2014 for firm fixed fee of \$779,300.00. The contract's new aggregate compensation will be in the amount of \$2,962,600.00.

**RESOLUTION NO. 2013-CHA-92**

**WHEREAS,** the Board of Commissioners has reviewed the Board Letter dated October 9, 2013 entitled **"AUTHORIZATION TO EXERCISE A ONE-YEAR OPTION TO EXTEND CONTRACT NUMBER 11007 WITH ERNST & YOUNG, LLP FOR INDEPENDENT AUDITING SERVICES"**;

**THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT** the Board of Commissioners authorizes the Chief Executive Officer or his designee to execute Amendment No. 3 to Contract No. 11007 with Ernst & Young, LLP to exercise the second one-year option to provide independent professional auditing services for the period of November 11, 2013 until November 10, 2014 for firm fixed fee of \$779,300.00. The contract's new aggregate compensation will be in the amount of \$2,962,600.00.

This award is subject to the Contractor's compliance with the CHA's applicable MBE/WBE/DBE, Section 3 resident hiring, and insurance requirements.

